

Incentive Funding Opportunities for On-Road Diesel Vehicles

The Air Resources Board (ARB) is providing an unprecedented amount of incentive funding – over \$1 billion – for on-road heavy-duty diesel vehicles. A wide variety of grant and loan programs will help reduce the cost of cleaner vehicles in California. Grant funding is available through the Carl Moyer Program and the Proposition 1B Goods Movement Emission Reduction Program. Loan guarantees are also available through Proposition 1B as well as Assembly Bill 118.

How much funding is available?

The Goods Movement Emissions Reduction Program, funded by Proposition 1B, provides \$1 billion for grants and loan guarantees over the next several years. ARB received the first installment of \$250 million in the 2007-2008 budget, and the second \$250 million in the 2008-2009 budget. The vast majority of this funding is slated for on-road trucks. The Carl Moyer Program provides about \$140 million per year in grant funding for all types of mobile equipment. The Heavy Duty Vehicle Air Quality Loan Program will provide about \$350 million for loan guarantees. Finally, about \$200 million is available for school bus replacement and retrofits under the Lower Emission School Bus Program funded by Proposition 1B. Together, these funding sources make up the most extensive on-road vehicle funding opportunity ever offered in California.

Can incentive funds be used to achieve early compliance with the Truck & Bus Regulation?

Yes, but only if the project is completed in advance of the regulatory compliance deadline. For most trucks, the upgrade must be completed at least two years before it would be required by regulation. For example, if an owner/operator wants to replace an old truck, and the regulatory compliance deadline is January 1, 2013, then the upgraded truck must be operational by January 1, 2011. Truck owners should apply for grant funding as early as possible to qualify for the highest grant amount.

What kinds of funding opportunities are available for small fleets?

Small fleets are eligible for grants, vouchers, and loan guarantees. Grant funding can be used to help with the cost of replacing older trucks with new or newer trucks, or for exhaust retrofits that can reduce emissions from older trucks. For 1993 and older trucks, grants of up to \$50,000 are available through the Carl Moyer Program for replacement with a 2007-2009 truck, or up to \$75,000 for replacement with a 2010 truck. Fleet owners can combine Carl Moyer Program grant funding with loan guarantees to significantly lower the cost of a new truck purchase. Loans will be available through the Heavy Duty Vehicle Air Quality Loan Program in the form of loan guarantees issued through lenders to help truck owners that might not qualify for traditional loans.

Vouchers are similar to grants, but will be easier to obtain and will have fewer administrative requirements along with slightly lower funding levels. For roll-out in the spring of 2009, the Carl Moyer Voucher Program will target funds to class 8 trucks and provide a qualified trucker with \$35,000 to replace a pre-1991 truck or \$30,000 to replace a 1991-1993 truck.

The Proposition 1B Goods Movement Emission Reduction Program provides truck replacement funding of up to \$50,000 for trucks operating in a trade corridor, plus combined grants and loan guarantees for small fleets.

What kinds of funding opportunities are available for large fleets?

Since large fleets are not eligible for as many programs as small fleets, they are expected to bear the majority of their own compliance costs. However, large fleets are still eligible for truck replacement and retrofit grant funding through the Proposition 1B Goods Movement Emission Reduction Program. Trucks that are 2003 or older are eligible for replacement funding of up to

\$35,000-\$50,000 depending on the model year of the replacement truck. Up to \$5,000 is available for exhaust retrofits that reduce diesel particulates by at least 85%, and up to \$15,000 is available for retrofits that reduce particulates and NOx. In addition to grant funding, large fleets may be eligible for loan guarantees to help provide financing for the balance of the replacement truck cost.

Can I use grant funding in combination with a loan?

Truck owners may use any available incentive grants – including the Carl Moyer Program and Goods Movement Emission Reduction Program – as down payments on trucks purchased with loan guarantees.

How Do I Apply for Incentive Funding?

Most incentive programs are administered by local air districts. Fleet owners may contact their local air district to apply for funding from the Carl Moyer Program or the Goods Movement Emissions Reduction Program. Information and applications for the voucher program for small fleets will be available at many truck dealers beginning in the spring of 2009. The ARB is also developing an outreach plan that will provide information on all funding programs available through air districts, dealers, and selected truck stops.

Information and applications for the loan guarantee program will be available through truck dealers or directly through participating lenders. The AB 118 loan program will be implemented through the California Capital Access Program (CalCAP). Approximately 60 financial institutions throughout the State already participate in CalCAP, but ARB staff is developing a list of core CalCAP lenders that will specialize in ARB's Heavy-Duty Vehicle Air Quality Loan Program; this contact information will be available soon.

For More Information

Further information on the ARB's incentive and loan programs is available at <http://www.arb.ca.gov/diesel/rppot.htm>. Local air district contact information is available at <http://www.arb.ca.gov/capcoa/roster.htm>.

Information is also available through the ARB's Public Information Office at (916) 322-2990, ARB's Carl Moyer Program hotline at 877-56-GRANT, or the Goods Movement Emission Reduction Program hotline at 916-44-GOODS.